

# Request for Qualifications

## Financial Advisory Services



**City of Tullahoma, Tennessee  
Finance Department**

**October 2019**

# **1 Introduction**

## **1.1 Purpose**

The purpose and intent of this Request for Qualifications (RFQ) of the City Tullahoma, Tennessee (the City) is to solicit sealed Statements of Qualifications (SOQ) from qualified firms to negotiate a contract for Financial Advisory Services. The primary role of the Financial Advisor under this contract will be to support the debt issuance activity of the City. Responsibilities include, but are not limited to: providing capital projects planning advice; developing innovative solutions to the City's funding requirements in order to achieve the most advantageous financing terms; working with rating agencies, bond counsel and bond insurance companies on City transactions; assisting the City in analyzing its existing and proposed debt portfolio and making recommendations on the timing, sizing, maturity schedules, call provisions and other details of bond issues; reviewing and making appropriate recommendations on all resolutions, official statements, and other documents necessary for debt issuance and reporting; as well as other related responsibilities.

## **1.2 Outstanding Debt and Credit Ratings**

As of July 1, 2019 the City has approximately \$38m in outstanding general obligation bonded debt, including debt issued for the Tullahoma City Schools and Tullahoma Airport Authority. It periodically issues general obligation bonds to fund additional projects or refinance existing debt. The City's current bond rating issued by Moody's is Aa2.

## **1.3 Annual Financial Report**

A greater understanding of the City's overall operations and financial condition may be obtained from its most recent annual audited financial statements included in the Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2018. The CAFR may be found at:

<http://www.tullahomatan.gov/wp-content/uploads/2019/04/CAFR-2018w.pdf>

# **2 Instructions**

## **2.1 Minimum Applicant Requirements**

The Financial Advisor: Shall be registered with the Municipal Securities Rule Making Board (MSRB), and the Securities and Exchange Commission (SEC) as required under section 975 of Title IX of the Dodd-Frank Wall Street Reform and Consumer Protection Act and must be an independent advisor specializing in providing financial advisory services on debt transactions. The company shall also have and maintain all required licenses necessary to conduct business in the State of Tennessee.

## **2.2 Instructions**

Five (5) bound copies and (1) unbound original copy of the SOQ shall be submitted. All SOQs shall be submitted in a sealed envelope or box marked "REQUEST FOR QUALIFICATIONS FOR FINANCIAL ADVISORY SERVICES FOR THE CITY OF TULLAHOMA. The original and copies of the SOQ shall be submitted by the deadline shown below to the attention of:

Paige Jackson, Purchasing Officer  
 City of Tullahoma  
 P.O. Box 807  
 Tullahoma, TN 37388  
 E-mail: purchasing@tullahomatn.gov

The RFQ is intended to be self-explanatory and should not require any requests for additional information. However, any questions should be submitted in writing to the above contact by the cutoff date shown below. Written response by the City will be provided by the date shown below.

No pre-RFQ conference or site visit is planned.

### 2.3 Key Dates

It is anticipated that a contract will be negotiated with the firm selected via the RFQ based on the following schedule. Please note, the City of Tullahoma reserves the right to change any of the dates stated in this RFQ. If such change occurs, the Purchasing Officer will notify all firms who received the RFQ from that office.

Date	Event
October 15, 2019	Issuance of Request for Qualifications
October 25, 2019	Questions Cutoff Date
October 30, 2019	Response to Questions Due
November 12, 2019 at 4 p.m.	SOQ Submission Deadline
December 9, 2019	Target Evaluation and Selection Complete

## 3 RFQ Overview

### 3.1 Role of Financial Advisor

The firm awarded the contract shall be the primary financial advisor to the City of Tullahoma and serve as the City's consultant on debt issuance and other financial and/or capital matters. The Financial Advisor will provide independent financial advice and serve solely the interests of the City of Tullahoma.

### 3.2 Services to be Provided

The City seeks to utilize the best combination of options available to adequately address the capital and financing needs of the City. Services of the selected Financial Advisor include, but are not limited to the following:

- 1) Evaluate possible financing options for the City, including applicable federal or state programs.

- 2) Analyze and make recommendations as to the potential of any refinancing opportunities that may exist based on the City's current outstanding debt.
- 3) Evaluate legal approaches permitting various financing structures and propose financing methods, with emphasis on innovation, to be considered for accomplishing the City's objectives. This will be done in conjunction with the City's staff and legal counsel.
- 4) Analyze the financing impact of project costs, cash flow projections and rate implications. Participate in the development of alternate strategies with the City's financing team. Prepare written reports to the City regarding the feasibility of issuing debt and sufficiency of revenues and funds pledged to support the proposed payment schedule.
- 5) Evaluate the projected cash flow from any revenue sources that may constitute security for any obligation incurred.
- 6) Analyze and report on the advantages and disadvantages of each proposed financing.
- 7) Develop a recommended plan of finance and prepare financing schedule.
- 8) Review existing revenue sources, budgetary practices, policies, and debt commitments to determine potential impacts, if any, on the proposed financing and make appropriate recommendations to the City's financing team.
- 9) Work with the City's bond counsel and financing team in recommending size, structure, specific terms and conditions of a debt issue. Present information regarding methods of sale, including publicly offered and privately negotiated options.
- 10) Assist the City in selection of the financing team, including preparing a list of services required of underwriter, trustee, verification agent and other professionals, as agreed upon.
- 11) Assist the City and bond counsel in preparing the text of an official statement and disclosure documents. Official statements will include a description of the securities, the project, and pertinent financial and economic data. In the preparation of such an official statement, assist the City in ascertaining material facts and circumstances regarding the project. The official statement will be printed and mailed, together with copies of the official notice of sale and basic legal documents, to a comprehensive list of prospective bidders.
- 12) If requested, assist the City in making presentations to bond insurance companies and/or rating agencies in order to receive the highest rating possible and assist in negotiations.

- 13) Prior to the sale of securities, assist in representing the City at information meetings if such meetings are necessary or desirable. Prepare and deliver presentations designed to facilitate an understanding of public sector financing and its implications to City officials as well as provide required documentation to the State of Tennessee.
- 14) Participate in all bond sale related conference calls and coordinate with third parties, as necessary, on behalf of the City.
- 15) Manage competitive or negotiated bond sale process or any other method of debt entered into by the City as necessary. Arrange for advertising and premarketing of issue. Represent the City at the bid opening for a public sale and analyze the bids, identify the most favorable bid, and make a recommendation as to award of the bid. Act as the City's agent if bid negotiations are required. After the bid is awarded, prepare an actual debt service table based on accepted coupon rates. In the event of a negotiated offering, assist the City in negotiating appropriate terms, reviewing spreads, comparing deals, analyzing market levels, and clarifying syndicate roles with selected underwriter.
- 16) Assist the City in closing the financing, which includes assistance in selecting a bond printer and in advising the City on the investment of proceeds pending expenditure.
- 17) Monitor market conditions for potential issues or adverse changes which could affect the City's release date for the bond sale.
- 18) Provide other services which are usual and customary for debt financings.

### 3.3 Compensation

The City and any firm selected for these services will enter into a professional services agreement which will address compensation and will be negotiated after selection is made. The Financial Advisor may be compensated for services on a retainer basis, or based on each specific bond/debt transaction or a combination of base retainer and transaction compensation.

### 3.4 Required Responses to this RFQ

Below is a listing of the technical information to be provided in response to this RFQ. **Firms are requested to keep the submission to a maximum of 25 pages** and should be organized to match the specific information requested below:

- A. Table of Contents
- B. Executive Summary
- C. Firm Qualifications and Experience
- D. Staff Qualifications and Experience
- E. Technical Questions

- F. References
- G. Conflict of Interest

The purpose of these responses is to provide firms with an opportunity to demonstrate their qualifications, competence, and capacity to undertake the engagement described herein, in a manner which complies with applicable laws and regulations, and the requirements of the RFQ. The responses should specifically detail the firm's experience and qualifications in providing the services sought by the City. There should be no dollar or unit costs included in this document.

### **3.4.1 Table of Contents**

A Table of Contents should clearly identify the location of all material within the response by section and page number.

### **3.4.2 Executive Summary**

An Executive Summary on company letterhead signed by a person with the corporate authority to enter into any contract which may result from the RFQ must be included. The Executive Summary should highlight significant aspects of the firm's response.

### **3.4.3 Firm Qualifications and Experience**

In this section, firms should demonstrate relevant experience by providing the following:

- A. Describe the unique capabilities of your firm in providing public sector financial advisory services. Identify the total number of professionals employed by your firm who serve as financial advisors to public sector entities, including support staff. Include a description of the direct prior experience of your firm with the public sector in the State of Tennessee and/or other comparable governmental entities relating to bond sale financial advisory services.
- B. Identify the number of public sector entities for which your firm currently is under contract to serve as financial advisor and the number of years affiliated with client.

### **3.4.4 Individual Qualifications and Experience**

In this section, firms should demonstrate that proposed staff possesses the knowledge and ability to perform the services described in the RFQ by providing the following:

- A. Identify the individual who will initially serve as the primary point of contact with the City under this contract and the other individuals of the team who are expected to work on City transactions. Include a narrative description of the specific function/role that each staff member would perform and their specific qualifications for their proposed role in this engagement. Lead staff and titles should be identified.

- B. Provide brief biographical information for each of these individuals that identifies their educational background, work history, and past responsibilities serving in similar financial advisory roles. Indicate how the staff competency level over the term of the contract will be assured.

### 3.4.5 Technical Questions

In addition to providing qualifications and experience, firms should include their written responses to the following discussion topics as part of their response:

- A. Please describe the firm's approach to managing debt capacity in light of new money needs, efforts to refund legacy debt, and use of pay-as-you-go capital while weighing the competing objective of obtaining a high credit rating/lower cost of borrowing. Please provide assumptions used in the analysis.
- B. Describe the firm's approach in examining pricing and marketing initiatives to ensure the City is receiving the best pricing and deal efficiency in its financings.
- C. Under what circumstances would the City be best served by competitive and negotiated sales, respectively? Please describe how the firm would approach preparing an annual analysis comparing the results on competitive and negotiated bond sales. Please give examples of the firm's experience advising Tennessee issuers and describe the firm's philosophy and thought process.
- D. Approach to assist City in establishing and managing long term capital improvement plans.

### 3.4.6 References

The SOQ must include the name, address and telephone number of three to five clients for whom services similar to those described in this Request for Qualifications have been performed. Names, titles, addresses and telephone numbers of organizations and individuals who may be contacted for reference must be included.

- A. The City may seek information from references regarding subjects that include, but are not limited to, the quality of services provided and the responsiveness of the firm to the client during the engagement.
- B. Information provided by references may be used by the City for response evaluation purposes. The City is not responsible for the lack of responsiveness of the references listed nor is the City required to alert firm of a reference's unresponsiveness during the evaluation period. Inability to contact a reference will not be looked upon favorably.

Note: Resumes and references do not count toward the 25 page limit for the response.

### **3.4.7 Conflict of Interest**

The firm must disclose any professional or personal financial interest which could be a possible conflict of interest in representing the City. The firm shall further disclose arrangements to derive additional compensation from various investment and reinvestment products, including financial contracts.

## **4 Review and Evaluation**

### **4.1 General Information**

A Selection Committee, at its sole discretion, will determine which SOQ best satisfies the requirements of this RFQ. All responses deemed to be responsive to the requirements of this RFQ will be evaluated and scored. Responses failing to meet the requirements of this document may be eliminated from consideration.

The City may request clarification of a response upon review. Firms will be provided a reasonable period of time in which to submit written responses to the Purchasing Officer's requests for clarification. Other than to provide clarifying information as may be requested by the City, no firm will be allowed to alter its response or add information.

Finalists will be invited for interviews, after which a selection will be made.

### **4.2 Right to Reject Bid**

The City reserves the right cancel this RFQ at any time or reject any or all responses received as a result of this RFQ if it is in the best interest of the City. The City reserves the right to negotiate all final terms and conditions of any agreement entered into. Nothing in the Request for Qualifications shall be deemed to commit the City to engage any Financial Advisor.

### **4.3 Interview**

Finalists will be notified of the date, location, and time of their interview. The interview will be designed to allow finalists to demonstrate their ability to provide the required services. The proposed primary contact, as well as other key personnel who would be responsible for providing the required services, should be present and participate in the interview.

The interview should substantiate the written responses to the RFQ. Scores may be revised based on the information gained from interviews; however, the interviews will not be an opportunity to cure material omissions in firms' responses and are not a substitute for a well-written proposal.